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SUBJECT: SHAS: YES WE CAN?

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Classified By: A/DCM Marc Sievers for reasons 1.4 (B/D).

11. (C) Summary: The Sephardi ultra-orthodox Shas party, which officially launched its election campaign at a rally on December 3, has adopted President-elect Obama's campaign slogan, "Yes We Can," in attempt to capitalize on a political moment when minorities feel empowered by Obama's victory in the U.S. Shas hopes that its constituents -- mostly traditional or orthodox Jewish immigrants from Arab countries with larger-than-average families and lower-than-average incomes -- will rally around the slogan and turn out in sufficient force to deliver the party 14-16 Knesset seats, up from the 12 it holds now. Shas, which will not publish its candidates list until the last minute, is promising to prevent the next government from discussing Jerusalem in any talks with the Palestinians. The party is also pledging an increase in welfare spending (it will demand NIS 1 billion for this purpose in coalition talks) and is leveraging an interest in the Education Ministry to push for social reforms that enhance orthodox Jewish identity and values -- an effort that many secular Israelis find alarming. According to Shas spokesman and political strategist Roie Lahmanovitch, Shas will join any coalition that pays its price. That said, Shas may be more at home with Likud than with Kadima, which appears more likely to rebuff Shas' demand not to put Jerusalem on the table in talks with the Palestinians. End Summary.

The Campaign: Yes We Can (Too)

12. (C) The Sephardi ultra-orthodox Shas party officially launched its campaign for the February 10 elections at a large rally on December 3, which was headlined by party leader Eli Yishai and supreme authority Rabbi Ovadia Yosef, who promised a "ticket to heaven" in exchange for voting for Shas. The party, which generally avoids taking positions on foreign or security policies, except where the welfare of Jews is concerned, will campaign on the same three issues that have formed the core of its political efforts in the current government: education, welfare and Jerusalem.

13. (C) On education, Shas will continue to emphasize what it terms the deteriorating national school system and the moral decline of Israeli youth, according to party spokesman and political strategist Roie Lahmanovitch. Shas is also promising its constituents a continuation of government funding for its ultra-orthodox schools, and is pledging to put education high on the list of the next government's priorities. Regarding welfare, Shas is promising to unravel many of the recent economic reforms that liberalized the Israeli economy while expanding the gap between rich and poor. As in the past, Shas is also pledging to increase spending on child allowances, which disproportionately benefits its core constituents -- mostly Jewish immigrants from Arab countries -- who have comparatively large families and are poorer and more religiously observant than the

national norm. On Jerusalem, the most emotionally-laden issue, Shas is promising to keep the city united and to prevent the next government from discussing Jerusalem in any talks with the Palestinians.

14. (C) For the current campaign Shas has abandoned its former slogan -- "Restoring Past Glory" -- in favor of one adopted from President-elect Obama's campaign: "Yes We Can." Lahmanovitch told Poloff that Yishai himself came up with the idea to hitch a ride on Obama's coattails. In doing so, Shas is hoping to capitalize on a political moment when minorities feel empowered by President-elect Obama's victory. Shas, Sephardic constituency is acutely sensitive to the Israeli history of discrimination that still favors the Ashkenazim (European Jews) over the Sephardim (Middle Eastern Jews). By adopting the campaign symbolism of President-elect Obama, Shas is hoping to mobilize its base and appeal to other disadvantaged minorities, especially Ethiopian Jewish immigrants. Previewing the ethnic card that Shas hopes to play, party leader Eli Yishai announced after the failure of coalition talks with Livni in late October that Kadima's (Ashkenazi) negotiators were racists and had "let the ethnic demon out of its bottle." (Comment: Playing the ethnicity card is risky in today's Israel, which generally sees itself as having overcome the discrimination against Sephardim that was rampant a couple of generations ago. After years of intermarriage, the distinction between Ashkenazim and Sephardim is becoming increasingly blurred, with as many as one-third of all Israelis defining themselves as mixed.)

15. (C) On a tactical level, according to Lahmanovitch, Shas is developing a series of simple messages based on the "Yes

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We Can" slogan that it hopes will resonate with voters, for example, "Yes we can save Jerusalem;" "Yes we can increase child allowances;" "Yes we can improve education;" and "Yes we can raise morals." By packaging these in the language of various social groups-- religious Zionists, Russian and Ethiopian immigrants -- Shas hopes to expand its pool of non-traditional voters. (Note: Shas MK Nissim Zeev's decision in November to take up residence in the disputed "House of Contention" in Hebron may bolster Shas' appeal among settlers and the right. Zeev remained at the house until the December 4 evacuation, which Shas, alone among major parties, condemned.) In the end, Shas hopes that an energized base and a small pool of new voters will earn it 14-16 seats in the next Knesset, compared to 12 now, Lahmanovitch said. (Note: Recent polls before the campaign launch show Shas winning just 10 seats.)

The List: Much the Same

16. (C) As in past elections, Shas is unlikely to announce its slate of candidates until the night before party lists are due to the Central Elections Commission on December 24. Ovadia Yosef and Eli Yishai will together determine the list, based both on rabbinical recommendations sent to Ovadia on behalf of individual party members, and on the party's need to maintain a regional and sectoral balance. Lahmanovitch said he doubted the list would change very much, noting that among the party's twelve seats in the current Knesset, there are designated representatives for Jerusalem, Beersheva, Ashkelon, kibbutz/moshav residents, immigrants from the former Soviet Union (two reps), immigrants from Ethiopia, immigrants from Western Europe, and non-Jewish citizens. All Shas MKs also enjoy varying degrees of support from senior Sephardic rabbis.

The Price: Jerusalem, Welfare, Education

17. (C) Shas' price for joining the next government will be in

part a commitment in writing to leave Jerusalem off the table in any talks with the Palestinians. Lahmanovitch said that Yishai and Ovadia never believed PM Olmert when he said he wasn't discussing Jerusalem, and as a result they will now demand that the pledge not to discuss Jerusalem be committed to writing prior to the formation of a new government.

¶8. (C) Lahmanovitch said Shas will also demand NIS 1 billion (USD 250 million) in welfare subsidies, mostly in the form of cash payouts to lower-income families with children (so-called "child-allowances"). While Likud and Kadima are likely to argue that such a price is too steep in today's global financial crisis, Shas will retort that it is precisely because of the global financial crisis that such a welfare boost is important.

¶9. (C) In addition to traditional bread-and-butter issues such as child allowances and funding for its own religious school system, Yishai announced in November that Shas would also seek the Education Ministry in any upcoming coalition talks. Asked if Yishai was serious about the Education Ministry, given widespread opposition among a majority of Israelis who prefer to maintain a secular public school system, Lahmanovitch said yes, and that it represented Yishai's determination to find a way to strengthen Jewish identity and reverse what he sees as the moral decline of Israeli families. The Education Ministry is the most direct way to influence every Jewish family in Israel, he said, and Yishai wants it more than any other ministry. At the same time, Yishai recognizes that he is unlikely to receive the ministry, but hopes to use his interest as a means of extracting values-based concessions. Lahmanovitch said that even Rabbi Ovadia's November 22 statement that secular teachers were "asses" was good for Shas, since it helped the party keep the spotlight on the problems in Israel's schools.

Comment

¶10. (C) Shas will join any coalition that pays its price, and does not officially prefer any one party over another, according to Lahmanovitch and Ariel Deri, the senior advisor to Shas Minister Without Portfolio Meshulam Nehari. That said, the acrimonious breakdown of Kadima-Shas coalition talks in October, plus Livni's apparent determination to proceed with the Palestinian peace talks, appears to make Shas a more natural partner for Likud, notwithstanding the deep unpopularity just a few years ago of Likud leader Benjamin Netanyahu among Shas' impoverished and blue collar

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constituents (who blamed him for gutting the social safety net). Indeed, commentators have been speculating since October that Netanyahu and Yishai may have already cut a secret coalition deal that allowed Yishai to walk out of the October talks with Kadima without an agreement. Reflecting such suspicions, Kadima is likely to leverage secular mistrust for Shas by arguing that voting for Likud will bring Shas into the Education Ministry, despite Netanyahu's public denial and the acknowledgment of even Shas leaders that such an outcome is unlikely.

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